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**Community Organizing and Family Issues (COFI)  
Response to Staff's Request for Feedback  
Regarding Low-Income Rate Programs  
August 19, 2022**

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Community Organizing and Family Issues (“COFI), represented by the National Consumer Law Center (“NCLC”), appreciates the opportunity to provide comments to the Staff of the Illinois Commerce Commission (“Commission”) as it seeks stakeholder feedback on the appropriateness, design and implementation of low-income discount rates for electric and natural gas residential utility customers. Staff’s request for feedback stems from enactment of Public Act 102-0662, otherwise known as the Climate and Equitable Jobs Act (“CEJA”), which amended Section 9-241 of the Public Utilities Act (“Act”) to require the Commission to conduct a comprehensive study to assess several issues surrounding the creation and appropriateness of discount rates. The study must be completed on or before January 1, 2023.

## **Introduction**

As a point of introduction, COFI is a community-based not-for-profit center and resource for family-focused organizing, leadership development and community building focused on the well-being of children, youth and families in low-income and working families. COFI has offices in Chicago, Elgin and East St. Louis, Illinois. COFI’s work embraces a mission to strengthen the power and voice of low-income and working families at all levels of civic life – from local institutions and communities to the city and state policy arenas. COFI organizes low-income parents of color who, in turn, have built local and citywide organizations that are fighting for change around issues affecting families, and attracting attention nationally to their innovative policy solutions and organizing steps. COFI works for public policy change on a variety of statewide issues impacting low income and working families throughout the State of Illinois.

Staff specifically seeks stakeholder input on how the study should incorporate the considerations specified in Section 9-241, as enumerated below, and any other relevant considerations. According to Section 9-241 of the Act, such study shall assess at a minimum, the following:

1. **customer eligibility requirements**, including income-based eligibility and eligibility based on participation in or eligibility for certain public assistance programs;
2. **appropriate rate structures**, including consideration of tiered discounts for different income levels and usage caps;
3. **appropriate recovery mechanisms**, including the consideration of volumetric charges and customer charges;
4. **appropriate verification mechanisms**;
5. **measures to ensure customer confidentiality** and data safeguards;
6. **outreach and consumer education** procedures; and
7. **the impact that a low-income discount rate would have on the affordability of delivery service to low-income customers and customers overall.**

In order to assess the need for and proposed design of discount rates, an understanding of the state of the unaffordability of essential utility service in Illinois is critical to any analysis. While these comments are organized to address the aforementioned seven questions, they begin with an assessment of the unaffordability of electric and gas utility rates in Illinois for hundreds of thousands of Illinoisans who struggle each month to afford essential utility service.<sup>1</sup>

As discussed below, COFI urges the Commission to advise the General Assembly that discount rates across the state are needed for electric and gas customers, as existing energy assistance programs, including the Low Income Home Energy Affordability Program (“LIHEAP”) and the Percentage of Income Payment Plan (“PIPP”) program, are insufficiently funded to meet the growing need of the hundreds of thousands of Illinois households who struggle each month to keep the lights, cooling and heat on.

## **1. The Unaffordability of Utility Service in Illinois – A legacy of shifting financial risk to customers**

### **a. Changes in Illinois law and increased energy prices have left utility customers struggling to afford essential utility service.**

The Illinois General Assembly took steps to achieve improved electric utility service reliability for the state through passage of the Energy Infrastructure Modernization Act (“EIMA”) in 2011, and to set and achieve clean energy goals through the Future Energy Jobs Act (“FEJA”) in 2016, and the Climate and Equitable Jobs Act (“CEJA”) in 2021. But these legislative changes came with a price. Illinois utility customers have experienced significant increases in Commonwealth Edison Company (“ComEd”) and Ameren Illinois Company (“Ameren”) delivery service rates to support these reliability, clean energy and efficiency goals over these many years, the effect of which, until recently, had been moderated by relatively low electric and gas supply charges.

Those comparatively lower supply rates exist no longer. Here in Illinois, rate increases in both the delivery and electric and gas supply charges make affording essential electric and gas service difficult for hundreds of thousands, if not millions of Illinoisans.

First, seemingly unprecedented increases in electricity and gas supply rates have more recently contributed to the unaffordability problem, as shown below:

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<sup>1</sup> Staff notes, too, that as it conducts its own research into low-income discount rates, it may identify additional areas where stakeholder feedback can inform the study and may issue additional information requests. NCLC looks forward to providing additional input for Staff’s consideration, as needed.

### June-September electricity supply prices:<sup>2</sup>

Ameren Illinois – 10.628 cents per kWh (120% increase from last June)

ComEd – 11.041 cents per kWh (63% increase from last June)<sup>3</sup>

### August gas supply prices (change monthly):

Ameren Illinois – 85.94¢ per therm (up 30% from August 2021)

Consumers Gas – 98.32¢ per therm (up 50% from last August)

Illinois Gas – 62.36¢ per therm (up 84% from last August)

Liberty Utilities – \$1.15 per therm (up 131% from last August)

MidAmerican Energy – \$1.07 per therm (up 39% from last August)

Mt. Carmel – 89.85¢ per therm (up 68% from last August)

Nicor Gas – \$1.24 per therm (up 134% from last August)

North Shore Gas – 95.31¢ per therm (up 84% from last August)

Peoples Gas – \$1.12 per therm (up 72% from last August)

Second, as noted above, the aforementioned changes in law have contributed to significant increases in the delivery portion of customer bills. In 2011, EIMA authorized formula rates, which permitted annual rate recovery by ComEd and Ameren of all reasonable expenses (as reported in FERC Form 1s) from the prior year and forecasted plant-in-service filing year, along with a reconciliation process that ensures recovery of the prior year’s approved revenue requirement in exchange for significantly increased infrastructure spending (\$2.6 billion for ComEd and \$625,000,000 for Ameren) over a 10-year period.<sup>4</sup>

FEJA authorized significant customer subsidies of renewable energy, energy efficiency programs and zero emission carbon credits (Exelon nuclear plant bailouts); CEJA expanded those FEJA subsidies and added new ratepayer funding for beneficial electrification programs, solar rebates and new profit incentive structures under performance based ratemaking (“PBR”) that, like formula rates, ensure recovery of set revenue requirements through decoupling, a 105% annual reconciliation factor, and other initiatives that will be funded through the monthly utility bill. It should be noted, too, that CEJA did *not* renew ComEd’s previously required \$10 million shareholder-funded assistance program commitment first authorized under FEJA. In short, the General Assembly assigned Illinois utility customers financial responsibility through the monthly utility bill for the state’s move toward a cleaner energy regulatory environment – arguably, a most regressive means of addressing climate change and past inequities that have plagued energy justice communities – without addressing the increased impact on unaffordability for low income customers that these policy changes would bring.

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<sup>2</sup> See Citizens Utility Board webpage, *Warning: High Energy Prices*, <https://www.citizensutilityboard.org/welcome-cubs-help-center/>

<sup>3</sup> This increase, however, has been offset by ComEd’s Informational Sheet No. 36.1, filed in accordance with a provision in CEJA that requires the Company to file “Rider CFRA – Carbon-Free Resource Adjustments” to update the Carbon-Free Resource Adjustment (CFR) for the June 2022 through May 2023 monthly billing periods. The calculated value of the CFR Adjustment is a credit of 4.306 ¢/kWh in summer months and 3.573 ¢/kWh in non-summer months. See ICC Docket No. 22-0330 – Rider CFRA Informational Sheet No. 36.1.

<sup>4</sup> See 220 ILCS 16-108.5(b)(1), (2).

Other legislative action over the last 10 or more years contributed to additional upward pressure on utility rates. Illinois' natural gas utilities successfully lobbied for enactment of Section 9-220.3 of the Act<sup>5</sup>, which permits Ameren, Nicor and Peoples Gas to impose significant surcharges on monthly customer bills in the name of modernizing the gas delivery system as an add-on to general rates. These surcharges fund not only the replacement of cast iron/ductile iron mains (the purported reason provided for needing the rider in the first place), but also gas line "services," meters and other infrastructure through Rider QIP tariffs.<sup>6</sup> That change in law alone has driven repeated rate increase requests from Ameren Gas and Nicor, as well as unfathomable<sup>7</sup> average Rider QIP surcharges for Peoples Gas customers who are facing a true heating affordability crisis.

In its most recent quarterly filing with the Commission, for example, Peoples Gas reported that the average monthly Rider QIP surcharge for its customers was a stunning \$15.14 in May and \$14.52 in June.<sup>8</sup> With a monthly, flat customer charge of \$30.84 for Heating customers (Non-Heating Customers, \$16.37/month), the ever-increasing QIP assessment and other surcharges, PGL heating customers are paying more than \$50 before they even turn the heat, stove or hot water on.

Second, Ameren, ComEd, Nicor and Peoples Gas customers have experienced significant increases in the delivery portion of their monthly bills over the last several years. ComEd's rates have increased some 37.41% since 2012, when formula rates began; Ameren's rates have increased some 26.09% over that same time period.<sup>9</sup> Ameren Gas rates have increased about 25.6% since 2018. Nicor Gas rates have increased 63% since 2017.<sup>10</sup> While Peoples Gas has not filed a rate case since 2014, delivery service rates have increased substantially through the Rider QIP surcharge, as noted above.

Finally, a rate design approved in prior Commission orders for all three of Illinois' large gas utilities that loads revenue requirement cost recovery in the flat monthly customer charges and fails to authorize inclining block per therm charges (so that higher usage customers pay more) locks in a regressive form of revenue collection that has undeniably resulted in lower usage customers (and low income customers tend to be lower usage customers) subsidizing higher usage customers. In addition, by front-loading revenue recovery in the unavoidable monthly customer charges and rider surcharges, the benefits of engaging in energy efficiency programs are proportionally reduced. These policies work against the efficiency goals CEJA is

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<sup>5</sup> 220 ILCS 5/9-220.3.

<sup>6</sup> "QIP" stands for qualifying infrastructure projects.

<sup>7</sup> Legislators were under the impression at the time the QIP legislation was passed that the surcharge would average \$1.14 per month and that the system modernization program would cost "a little over \$2 billion," when in fact the current monthly cost to customers is averaging \$14 to \$15, and the total cost of the project is estimated to be between \$9 billion and \$11 billion. See ICC Docket No. 16-0376, AG Ex. 2.3 at 9. See <https://www.icc.illinois.gov/docket/P2016-0376/documents/246908>

<sup>8</sup> See ICC Docket No. 16-0376, 2<sup>nd</sup> quarterly report; <https://www.icc.illinois.gov/docket/P2016-0376/documents/327039>

<sup>9</sup> See IL Commerce Commission Financial Analysis Division Rate Case Histories report, found at <https://www.icc.illinois.gov/icc-reports> (formula rate tab)

<sup>10</sup> *Id.* (gas tab)

supposed to encourage. Given the clear CEJA directives designed to reduce peak load and emphasis on achieving EE statutory energy savings goals, the Commission should take action to reduce all electric and gas fixed customer charges, and establish inclining block rates as the first necessary step in establishing discount rates for customers (in addition to establishing new discount rates, as discussed below.)

The existing front-loaded, inflated customer charge rate design, too, makes little sense when the gas utilities enjoy *zero-risk* related to revenue collection under a decoupling statute that allows electric and gas utilities to file for a tariff that ensures, through annual reconciliations that their Commission-set revenue requirement in the last rate case is realized.<sup>11</sup>

The result of all of these factors that have increased energy insecurity is clear. When the shockingly high 2021-2022 increases in energy supply costs for both gas and electricity customers are added into the monthly utility delivery service cost increases documented above, hundreds of thousands of customers across Illinois face the threat of disconnection each month. They also face difficult decisions as to which life essentials – food, medicine and other monthly budget items – they must forego.<sup>12</sup> Redesigning rates and establishing discount rates for financially eligible customers can help reduce this phenomenon and relieve the financial stress that so many Illinoisans currently face each month as they struggle to afford essential utility service.

**b. Monthly reported zip code level data make the state of energy unaffordability very clear.**

When the COVID lockdown first occurred in March of 2020, the Commission acted, following Governor Pritzker’s written request and emergency shelter-in-place order, to order a moratorium on utility disconnections and a revisiting of credit and collections policies.<sup>13</sup> In June of 2020, a negotiated settlement was reached with consumer advocates, including COFI, represented by NCLC, the Commission Staff and the state’s regulated utilities. As part of that settlement, COFI successfully advocated for the filing by the large, investor-owned utilities of monthly zip code-level disconnection and other credit and collections data. The requirement that all IOUs report disconnection and other credit and collections information was codified in CEJA. Today, Illinois is one of a few if not only states in the country that requires its regulated electric, gas and water utilities, by statute, to file zip code level credit and collections data each month.<sup>14</sup>

Today, these monthly credit and collection reports filed by the large electric and gas Illinois utilities (reporting July of 2022 totals) reveal significant arrearage and disconnection

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<sup>11</sup> 220 ILCS 5/9-107.

<sup>12</sup> Nationally, the Energy Information Administration reports that nearly 1 in 3 U.S. households faced challenges in paying energy bills or keeping their homes heated or cooled in 2015, as did 50% of households with less than \$20,000 in annual income. Fifty-two percent of Black households reported experiencing household energy insecurity, as did 44% of Latiné households. 25 million households reported forgoing food and medicine to pay energy bills in at least some months and 7 million had to forgo food and medicine almost every month. *See* Energy Information Administration Energy Consumption Survey, <https://www.eia.gov/todayinenergy/detail.php?id=37072>

<sup>13</sup> ICC Docket No. 20-0309, Emergency Interim Order of March 18, 2020.

<sup>14</sup> *See* Section 8-201.10 of the Act, which requires each “public utility [to] report to the Commission by the 15th day of each month” the metrics “for the immediately preceding month[.]” 220 ILCS 5/8-201.10(b).

rates. It should be noted, too, that these numbers are minimized by the fact that important customer benefit and protection policies implemented in 2021 and 2022 in response to the COVID pandemic significantly reduced disconnections and arrearages. Those programs included: (1) an influx of arrearage assistance coming from DCEO’s Utility Disconnection Avoidance Program (“UDAP”)<sup>15</sup> which wiped out up to \$5,000 in arrearages owed to *each* electric and gas utility for LIHEAP customers during fiscal years (“FY”) 2021 and both LIHEAP and PIPP customers in 2022; and (2) a settlement among consumer advocates, including COFI, other consumer advocates, the ICC Staff and the utilities, that ensured that customers registered with the utilities as LIHEAP or PIPP customers would not be disconnected, through July 31, 2022, and other more flexible credit and collection policies.<sup>16</sup>

The most recent arrearage, disconnection, late fee and deferred payment arrangement data for July of 2022 is provided below for ComEd, Ameren (Electric and Gas), Peoples Gas and Nicor. These numbers generally indicate significant levels of arrearages per customer ratios, particularly for Peoples Gas. We know, too, that disconnection policies have disproportionately impacted Black and Brown communities.<sup>17</sup> The disconnection of tens of thousands of customers during extreme summer weather by the electric utilities and an abysmal success rate for deferred payment arrangements (“DPAs”), as shown in the figures below, point to the need for establishment of discount rates, as well as other credit and collections policy changes:

<b>ComEd – July 2022 monthly C&amp;C report</b>	<b>Total Residential Customers</b>	<b>Low-Income (LIHEAP/PIPP) Customers</b>
<b>Customer numbers</b>	<b>3.7 million</b>	<b>107,289</b>
<b>Disconnection Notices</b>	<b>89,910</b>	<b>3,813</b>
<b>Disconnections</b>	<b>37,034</b>	<b>1,176</b>
<b>Reconnections</b>	<b>30,475</b>	<b>1,157</b>
<b>DPAs</b>	<b>134,555</b>	<b>18,671</b>
<b>Failed DPAs</b>	<b>38,245</b>	<b>1,903</b>
<b>Completed DPAs</b>	<b>7,348</b>	<b>2,519</b>
<b>Late charges assessed</b>	<b>626,457</b>	<b>10,064</b>
<b>Residential arrearages past 30 days</b>	<b>\$74,943,709</b>	<b>\$12,575,143</b>

<sup>15</sup> The UDAP was established after significant additional LIHEAP appropriations were provided to the states as a result of federal COVID relief statutes, including the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and the American Rescue Plan Act (“ARPA”), as well as a return of millions in state-borrowed funds that had been collected through the SLIHEAP surcharge. The efforts of both DCEO and the many community action agency leaders and employees who worked to ensure the success of the program are appreciated.

<sup>16</sup> See ICC Financial Assistance Page, <https://www.icc.illinois.gov/consumers/utility-energy-assistance>

<sup>17</sup> See, e.g., ICC Docket No. 22-0067, COFI Ex. 1.0 (2d CORR) at pp. 15-17.

<b>Ameren Gas – July 2022 monthly C&amp;C report</b>	<b>Total Residential Customers</b>	<b>Low-Income (LIHEAP/PIPP) Customers</b>
<b>Customer numbers</b>	<b>741,927</b>	<b>54,875</b>
<b>Disconnection Notices</b>	<b>21,188</b>	<b>1,583</b>
<b>Disconnections</b>	<b>3,150</b>	<b>237</b>
<b>Reconnections</b>	<b>2,334</b>	<b>178</b>
<b>DPAs</b>	<b>60,531</b>	<b>9,421</b>
<b>Failed DPAs</b>	<b>16,720</b>	<b>2,220</b>
<b>Completed DPAs</b>	<b>761</b>	<b>93</b>
<b>Late charges assessed</b>	<b>64,590</b>	<b>5</b>
<b>Residential arrearages past 30 days</b>	<b>\$14,003,281</b>	<b>\$3,713,098</b>

<b>Ameren Electric – July 2022 monthly C&amp;C report</b>	<b>Total Residential Customers</b>	<b>Low-Income (LIHEAP/PIPP) Customers</b>
<b>Customer numbers</b>	<b>1,060,748</b>	<b>80,344</b>
<b>Disconnection Notices</b>	<b>28,213</b>	<b>2,013</b>
<b>Disconnections</b>	<b>4,128</b>	<b>306</b>
<b>Reconnections</b>	<b>3,170</b>	<b>237</b>
<b>DPAs</b>	<b>80,271</b>	<b>12,471</b>
<b>Failed DPAs</b>	<b>22,486</b>	<b>2,989</b>
<b>Completed DPAs</b>	<b>1,105</b>	<b>134</b>
<b>Late charges assessed</b>	<b>97,271</b>	<b>8</b>
<b>Residential arrearages past 30 days</b>	<b>\$44,741,815</b>	<b>\$8,223,335</b>

<b>Peoples Gas – July 2022 monthly C&amp;C report</b>	<b>Total Residential Customers</b>	<b>Low-Income (LIHEAP/PIPP) Customers</b>
<b>Customer numbers</b>	<b>799,406</b>	<b>63,252</b>
<b>Disconnection Notices</b>	<b>33,873</b>	<b>124</b>
<b>Disconnections</b>	<b>2,071</b>	<b>13</b>
<b>Reconnections</b>	<b>625</b>	<b>44</b>
<b>DPAs</b>	<b>70,369</b>	<b>7,520</b>
<b>Failed DPAs</b>	<b>8,428</b>	<b>208</b>
<b>Completed DPAs</b>	<b>1,477</b>	<b>944</b>
<b>Late charges assessed</b>	<b>213, 201</b>	<b>368</b>
<b>Residential arrearages past 30 days</b>	<b>\$110,896,956</b>	<b>\$4,732,825</b>

<b>Nicor Gas – July 2022 monthly C&amp;C report</b>	<b>Total Residential Customers</b>	<b>Low-Income (LIHEAP/PIPP) Customers</b>
<b>Customer numbers</b>	<b>2,059,488</b>	<b>60,390</b>
<b>Disconnection Notices</b>	<b>41,614</b>	<b>3</b>
<b>Disconnections</b>	<b>2,972</b>	<b>1</b>
<b>Reconnections</b>	<b>2,496</b>	<b>6</b>
<b>DPAs</b>	<b>84,074</b>	<b>4,579</b>
<b>Failed DPAs</b>	<b>24,950</b>	<b>320</b>
<b>Completed DPAs</b>	<b>13</b>	<b>2</b>
<b>Late charges assessed</b>	<b>422,517</b>	<b>0</b>
<b>Residential arrearages past 30 days</b>	<b>\$103,739,354</b>	<b>\$4,492,426</b>

The impact of the aforementioned deliver and supply rate increases is clear: customers across the state are experiencing high arrearages and disconnections. Importantly, available energy assistance program funding is being quickly tapped, impacting both the amount of LIHEAP and PIPP grants available to low-income customers, as well as the number of Illinoisans who will receive needed energy assistance, as discussed below.

COFI parent leaders note, too, that DPAs are of limited value. The significant failure rate of DPAs, as revealed in the data above, point to the obvious difficulty of paying an already unaffordable bill along with an additional DPA-payment amount each month. At a minimum, this failure rates points to the need for much more flexible DPA terms and longer payback periods.

**c. Illinois’ existing LIHEAP and PIPP programs, as currently funded, are insufficient to meet the need.**

According to information provided by the Department of Commerce and Economic Opportunity (“DCEO”) at the July 28, 2022 Policy Advisory Committee (“PAC”) meeting, 265,695 Illinois households received LIHEAP benefits during the 2022 (September 1 through May 31) fiscal year. Some 36,791 households received Percentage of Income Payment Plan (“PIPP”) program benefits. While these programs provided critical energy assistance to Illinois’ low-income families<sup>18</sup>, the fact remains that these participation numbers show that hundreds of thousands of eligible Illinois “households”<sup>19</sup> are not enrolled.

<sup>18</sup> Households whose income falls at or below 200% Federal Poverty Level are served by these programs.

<sup>19</sup> The U.S. Census Bureau defines as “household” as follows: “A household consists of all the people who occupy a housing unit. A house, an apartment or other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live with any other persons in the structure and there is direct access from the outside or through a common hall.

A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group quarters. There are two major categories of households, ‘family’ and ‘nonfamily’.”

Using the U.S. Census American Community Survey (“ACS”) data on ratio of income to poverty of population (ACS Table B17024) to calculate percentages in poverty by selected poverty levels provides a reasonable estimate of households in poverty -- or at a specific level of poverty (200% FPL in this case). Applying that percentage to the total number of households in the state produces an estimate of 3.4 million, or 27.3% of the Illinois population living below 200% FPL.<sup>20</sup> Those figures translate into an estimated 1,296,000 Illinois households eligible for LIHEAP and PIPP. Given the combined 2022 DCEO LIHEAP/PIPP enrollment numbers of 302,486, it can be estimated that only 23% of the eligible Illinois households are enrolled in the LIHEAP/PIPP programs.<sup>21</sup> Given challenging documentation requirements and difficulties experienced by LIHEAP/PIPP-eligible customers in submitting that documentation, the low percentage of enrollees in the program is not surprising, unfortunately. COFI leaders indicate that the required submission of social security numbers and other documentation for household members is particularly burdensome. Enrollment can take weeks, when successful, but, meanwhile, arrearages (and the threat of disconnection) continue to grow.

The reality that available energy assistance is not enough to meet the need became all too clear when, on August 12, 2022, DCEO directed LIHEAP administering agencies to accept no new enrollees in Illinois’ PIPP after September 1, 2022, due to increasing bills and corresponding increased customer budget billing calculations.<sup>22</sup> This unfortunate restriction certainly points to the need for additional financial assistance at both the federal and state levels. But, until that assistance arrives, more must be done by the utilities and the Commission to ensure monthly utility service bills are affordable.

Currently, PIPP is one of three programs funded through the Supplemental LIHEAP surcharge authorized under Illinois’ Energy Assistance Act. 220 ILCS 305/13(a)(1)-(6). In addition to PIPP, that surcharge provides additional funds for the state’s LIHEAP and weatherization programs. Each year, DCEO allocates the SLIHEAP funding to the three programs based on perceived need for each program and capacity within the community action agency network that helps deliver the programs. The LIHEAP and weatherization program (but not PIPP) receive the majority of their funding from appropriations from the federal government (U.S. Department of Health and Human Services and the Department of Energy) each year as well.

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<sup>20</sup> See ACS Table C17024. A separate ACS table (S1101) provides total household counts for Illinois of 4,884,061. 27.3% of the 4.8 million households in Illinois = 1.3 million households have incomes at or below 200% FPL.

<sup>21</sup> 302,486 LIHEAP/PIPP customers divided by 1,296,000 households with incomes at or below 200% FPL = 23%.

<sup>22</sup> The August 12, 2022 notice from DCEO stated:

“In light of the high energy price increases already affecting customers’ bills and requiring more State funds than originally projected, the Office of Community Assistance (OCA) is very concerned about adding new customers into the Percentage of Income Payment Plan (PIPP) during Program Year 2023. Several Local Agencies have already required fund transfers to PIPP from the State-LIHEAP funds reserved for LIHEAP client benefits. Considering the higher demand for energy assistance we may experience as a result of the energy price increases, OCA’s goal is to utilize the PY23 PIPP funding allocation to retain existing PIPP customers on the program and to issue any True Up Adjustment benefits, as needed. Considering all of these factors, no new PIPP applications will be taken September 1, 2022 – May 31st, 2023.”

In July of 2021, critical amendments to the state's Energy Assistance Act ("EAA") memorialized in Senate Bill 265, were signed into law, which revised several provisions of the EAA in an effort to improve program delivery and expand customer participation in PIPP and LIHEAP in the years to come. Changes to the EAA, pushed by COFI, the Illinois Association of Community Action Agencies ("IACAA"), ILPIRG and other supporters, included:

- Removing the service territory restriction that had triggered trapped and unused energy assistance funds and "sweeps" of the fund by the State of Illinois;
- Increasing the ratepayer surcharge with goal of doubling the funding available for the SLIHEAP programs (LIHEAP, PIPP and weatherization) over a 3-year period, when 80% of the funds collected are distributed annually;
- Adding anti-sweeps language to the EAA;
- Adding households with children under 6 to the enrollment priority period;
- Increasing administrative payments to community action agencies to cover the increased costs associated with enrolling clients in PIPP (which is a more time-consuming process than enrolling a client in LIHEAP);
- Adding new language to ensure no person could be denied LIHEAP or PIPP benefits based on their immigration status;
- Changing the client benefit allocation from 66% gas/34% electric to a 50%/50% split, based on DCEO's analysis of customer need data;
- Removing the statutory benefit cap language to allow for benefits to fit available dollars; and
- Increasing eligibility from 150% FPL to 60% State Median Income ("SMI") (which DCEO has interpreted as increasing eligibility to 200% FPL).

While those amendments enabled long-overdue changes to the program, the increased funding will not arrive for several years (assuming the 80%-distribution-of-funds benchmark is achieved each year), and will likely still not be enough to address the bill unaffordability that continues to plague customers in light of ever-increasing electric and gas utility delivery and supply rates and the aforementioned 1.3 million eligible Illinois households living at or below 200% FPL. The establishment of discount rates for the state's investor-owned electric and gas utilities will help ease the strain on existing energy assistance and affordability program budgets, and should be ordered by the Commission.

**d. Illinois lacks a LIHEAP summer cooling program, leaving vulnerable customers at risk.**

Other factors point to the need for additional assistance to financially struggling customers. As currently structured, energy assistance through LIHEAP and PIPP in Illinois is offered between September 1<sup>st</sup> and May 31<sup>st</sup> each year, with the programs shut down during the summer months, mainly due to information technology ("IT") and accounting requirements, according to DCEO statements at quarterly PAC meetings. According to the LIHEAP Clearinghouse, a website dedicated to providing information about LIHEAP programs across the U.S., 25 of the 50 states run summer cooling programs – 26 if Washington D.C. is included in

the count.<sup>23</sup> Illinois, like other parts of the country and the world, is experiencing extreme summer weather, highlighting the need for a summer cooling program here.

Until Illinois establishes its own summer cooling program or makes permanent a program like the Utility Disconnection Avoidance Program<sup>24</sup>, wherein significant, automatic credits to accumulated arrearages for existing LIHEAP customers were reflected in customer bills at the end of the LIHEAP/PIPP 2021 and 2022 fiscal years, additional relief is needed from high summer bills.

The bottom line is that customers in need of financial assistance during the summer currently have no options, with the exception of the very limited and insufficient funding for some utility-sponsored assistance programs, to address growing arrearages using LIHEAP payments. Discount rates would help ease the strain on existing LIHEAP/PIPP resources and enable the provision of some form of relief from increased summer electricity usage and the higher bills associated with that usage due to the warming climate.

## **2. Customer eligibility requirements of discount rates**

Today, Illinois utility customers whose income fall at or below 200% of FPL qualify for energy assistance – either LIHEAP or PIPP. Income eligibility guidelines are as follows:

### **2021 Federal Poverty Guidelines for 200% of Poverty for 2022 Program Year**

<b>Family Size</b>	<b>30 Day Income</b>	<b>Annual Income</b>
1	\$2,147	\$25,760
2	\$2,903	\$34,840
3	\$3,660	\$43,920
4	\$4,417	\$53,000
5	\$5,173	\$62,080
6	\$5,930	\$71,160
7	\$6,590	\$79,081
8	\$6,737	\$80,838

Energy assistance offices throughout the state establish income eligibility by looking at a client's gross household income from the coming or previous 30 days.

Under the Act's energy efficiency program provisions, customers whose income falls at or below 80% of Area Median Income ("AMI") qualify for electric and gas low-income energy

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<sup>23</sup> See <https://liheapch.acf.hhs.gov/tables/cooling.htm>

<sup>24</sup> The UDAP was established after significant additional LIHEAP appropriations were provided to the states as a result of federal COVID relief statutes, including the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and the American Rescue Plan Act ("ARPA"), as well as a return of millions in state-borrowed funds that had been collected through the SLIHEAP surcharge.

efficiency programs.<sup>25</sup> As one example<sup>26</sup>, according to the U.S. Office of Housing and Urban Development (“HUD”), 80% AMI in Northern Illinois translates as follows:

Household Size	Area Median Income Limits 2022 (Effective April 18, 2022)							
	30%	40%	50%	60%	80%	100%	120%	140%
1	\$21,900	\$29,200	\$36,500	\$43,800	\$58,350	\$73,000	\$87,600	\$102,200
2	\$25,000	\$33,360	\$41,700	\$50,040	\$66,700	\$83,400	\$100,080	\$116,760
3	\$28,150	\$37,520	\$46,900	\$56,280	\$75,050	\$93,800	\$112,560	\$131,320
4	\$31,250	\$41,680	\$52,100	\$62,520	\$83,350	\$104,200	\$125,040	\$145,880
5	\$33,750	\$45,040	\$56,300	\$67,560	\$90,050	\$112,600	\$135,120	\$157,640
6	\$36,250	\$48,360	\$60,450	\$72,540	\$96,700	\$120,900	\$145,080	\$169,260
7	\$38,750	\$51,720	\$64,650	\$77,580	\$103,400	\$129,300	\$155,160	\$181,020
8	\$41,250	\$55,040	\$68,800	\$82,560	\$110,050	\$137,600	\$165,120	\$192,640

When evaluating which income eligibility requirements should apply under a discount rate structure, the Commission should consider authorizing discounts for all customers whose income falls under that larger umbrella of “low income” definition represented by the 80% AMI threshold. Expanding eligibility for discount rates beyond the benchmarks now used for LIHEAP and PIPP is appropriate for two reasons: First, monthly disconnection and arrearage data suggests that customers who are not LIHEAP and PIPP customers are also clearly struggling to afford essential utility service, too, as detailed in the credit and collections monthly data *infra*. Second, customers whose income exceeds 200% FPL but falls below 80% AMI are considered low income under both HUD housing guidelines and the energy efficiency provisions of the Public Utilities Act. These individuals, however, do not qualify for LIHEAP and PIPP energy assistance. A tiered discount rate structure, that maximizes the discount for the lowest income customers, but also provides *some* level of discount for those whose income falls between 200% FPL and 80% AMI (up to around 300% FPL) and who nevertheless struggle to afford monthly utility bills would help ease energy burdens and provide needed assistance to those currently do not qualify.

<sup>25</sup> See, e.g., 220 ILCS 5/8-103B(c).

<sup>26</sup> HUD provides AMI figures for each county in Illinois. See [https://www.huduser.gov/portal/datasets/il.html#2022\\_data](https://www.huduser.gov/portal/datasets/il.html#2022_data)

### **3. Appropriate rate structures for discount rates**

Another topic the Commission is charged with exploring in its Section 9-241 study is “appropriate rate structures, including consideration of tiered discounts for different income levels and usage caps.” There are several approaches the Commission and the utilities can take to implementing discount rates. Programs vary across the country, with some offering straight discounts, tiered discounts based on income, and other specific reductions tied to age, medical condition or other criteria. Some are better at achieving the goals of reducing low income customers’ energy burden than others. COFI recommends the adoption of a tiered discount rate structure, as discussed below.

Twenty states provide or allow for discount rates, falling into three categories: straight percentage discounts, straight dollar amount discounts, and tiered discounts. A straight discount provides the same specified percentage or dollar amount off the total utility bill for all eligible consumers. These two models do not differentiate between income levels or utility bill prices for participating consumers.

Below are some examples of existing programs aimed at reducing the energy burdens of low-income customers:

#### **a. Straight Percentage Discount Rates**

Straight percentage discounts are the most common among the states. Two of the most well-known discount rate programs are found in Massachusetts and California. When combined with an arrearage management program (“AMP”), which removes a customer’s arrearage from the bill and reduces it by 1/12<sup>th</sup> for every on-time monthly (discounted) payment, these programs provide effective aid (outside of a PIPP) to address bill unaffordability.

Massachusetts has one of the strongest comprehensive plans to help low-income households maintain energy utility services. Both electric and gas utility companies are required to provide discount rates to low-income households.<sup>27</sup> All electric utilities provide a significant discount to any household with income less than 200% of the FPL (60% of State Median Income (“SMI”)), or who receives benefits through an extensive list of means-based programs, including Public Housing, Medicaid, Fuel Assistance, and National School Lunch Program. The actual percentage of the discount fluctuates with rate changes, as electric companies are statutorily required to charge the same rate to low-income households that they charged in 1998.<sup>28</sup> Gas utilities are able to individually set their own discount rates and eligibility criteria. Discounts may range from 12% to 30% and are typically available to households with income below 200% of the FPL, 60% of SMI, or participation in other state means-based programs.<sup>29</sup>

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<sup>27</sup> 2008 Mass. Acts Ch. 169 (Green Communities Act, creating numerous energy programs and protections for low-income households).

<sup>28</sup> Mass. Gen. Laws ch. 164, § 1F(4).

<sup>29</sup> NCLC, Access to Utility Service 7.2.2.2.3.

Massachusetts also provides an arrearage management program (“AMP”) for all utilities.<sup>30</sup> Individual utility companies set their own eligibility requirements; National Grid, for example, requires that customers interested in participating in the program owe at least \$300 more than 60 days past due, are receiving the Low Income Rate, and make monthly program payments in full and on time each month.<sup>31</sup> For every month that a participant makes an on-time complete payment, the utility company will reduce their arrears by 1/12. The programs are designed so that participants will have cleared all their debt in one year. However, this timeline can be extended if their arrearage is in excess of a utility company’s annual forgiveness cap (\$1,200 to \$3,600, depending on the company) or if the consumer does not complete all monthly payments and has to be re-enrolled in the program. For either scenario, a Massachusetts consumer with utility arrears is still able to completely pay off their utility debt relatively quickly, while protected from utility shut-offs or debt collection actions. AMPs have been embraced by utility executives as a “win-win” for both customers and a utility’s bottom-line.<sup>32</sup>

Low-income populations in Massachusetts are also protected from energy utility shut-off through additional programs. No regulated electric and gas utilities can disconnect households with infants who did not face disconnection prior to the infant’s birth.<sup>33</sup> State law requires the DPU to establish rules governing terminations of accounts serving elderly households. Those rules (220 C.M.R. 25.05) require that the company submit a request to the DPU and obtain the permission of the DPU before it can send a termination notice.<sup>34</sup> In addition, households with infants, older adults, or other vulnerable individuals are given priority access to weatherization programs.

California has a robust set of programs legislatively created, and ordered through the California Public Utilities Commission, to guarantee discount rates to low-income households. Large electric companies are required to provide a discount between 30% and 35%, and electric companies serving less than 100,000 households must provide a 20% discount to eligible households.<sup>35</sup> Gas utility companies provide a 20% discount, as well. This rate program, California Alternate Rates for Energy (“CARE”), is available to households with income under

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<sup>30</sup> Charlie Harak, *Helping Low-Income Utility Customers Manage Overdue Bills through Arrearage Management Programs (AMP)* 8, Sept. 2013.

<sup>31</sup> *Id.*; National Grid, *Forgiveness Program*, available at [www.nationalgridus.com/MA-Home/Bill-Help/Forgiveness-Program](http://www.nationalgridus.com/MA-Home/Bill-Help/Forgiveness-Program).

<sup>32</sup> *See, e.g., Arrears Management can be a Win-Win*, Penni McLean-Conner, Eversource Energy, October 27, 2015; <https://www.power-grid.com/energy-efficiency/arrears-management-can-be-a-win-win/#gref>.

<sup>33</sup> Mass. Gen. Laws Ch. 164, §124H; Mass. Regs. Code tit. 220, § 25.03.

<sup>34</sup> The company must give a separate notice of this request to the Department of Elder Affairs as well. Before giving its approval, the DPU must investigate the company’s request and determine that proper notice has been given to the household; that the company has used other reasonable means to collect on the bills, short of terminating service; and that the company has not refused to enter into a reasonable payment plan with the household. In practice, companies rarely, if ever, request the permission of the DPU so that elders who fill out the required forms to claim elder status do not get terminated. *See National Consumer Law Center’s Utilities Advocacy for Low-Income Households in Massachusetts*, 4th Edition, Charlie Harak, Jenifer Bosco and Ana Girón Vives, available at [www.nclc.org/stay-connected](http://www.nclc.org/stay-connected)

<sup>35</sup> Cal. Pub. Util. Code § 739.1.

200% of the FPL, or who receive benefits through programs like Medicaid, Women, Infants and Children (“WIC”), Supplemental Security Income (“SSI”), or LIHEAP.<sup>36</sup>

California also offers a second discount rate program, Family Electric Rate Assistance (“FERA”) for households that do not meet the eligibility requirements for CARE, but are still in need of assistance with energy bills. Through FERA, households with 3+ people are eligible to receive an 18% discount on their electric bills, if their income level is below 250% of the FPL. Unlike CARE, FERA does not provide a discount on gas bills and does not consider participation in various other assistance programs for eligibility to participate. For both programs, participants only need to re-apply every two years, or every four for households on fixed-incomes, rather than the typical annual requirement.<sup>37</sup>

Low-income households in California also have access to programs for decarbonization, solar installation, appliance upgrade rebates, and general efficiency improvement.<sup>38</sup> Some programs are specifically only available to residents in disadvantaged communities – areas in California that uniquely suffer from burdens such as poverty, increased pollution, and high rates of asthma or heart disease.<sup>39</sup> California also offers an arrearage payment program, which, for now, is of limited duration and originally offered in response to the COVID-19 pandemic. The program is unique in that enrollment is automatic; eligible participants need not apply.<sup>40</sup> Participation in the program is prioritized first for households at risk of disconnection due to nonpayment. While paying off arrears in the program, participants are not charged late fees and do not accrue interest. However, the program offered one-time benefits only, and does not guarantee forgiveness for future arrears. The California PUC is currently investigating the results of the program and whether it should be continued in a Phase II proceeding.<sup>41</sup> Despite the limitations on arrearage management, California’s scheme of providing subsidies to low-income households is comprehensive relative to most other states, and addresses many variables to help Californians stay connected and current with their energy utilities.

In Vermont. Green Mountain Power provides a 25% discount on electric bills for families with income below 150% FPL, and Vermont Gas provides a 20% discount on gas bills for families with income below 185% FPL.<sup>42</sup> For any consumers who owe money on past electric bills, Green Mountain Power also offers a one-time arrearage forgiveness for new program participants.<sup>43</sup>

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<sup>36</sup> Cal. Pub. Util. Comm’n, CARE, available at [www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/california-alternate-rates-for-energy](http://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/california-alternate-rates-for-energy).

<sup>37</sup> Order Approving Utility Budgets for Low Income Energy Efficiency Programs and California Alternative Rate for Energy at 57, NO. D.06-12-038 (Cal. Pub. Utils. Comm’n Dec. 15, 2006).

<sup>38</sup> Cal. Pub. Util. Comm’n, Financial Assistance, available at [www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts](http://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts).

<sup>39</sup> Cal. Pub. Util. Comm’n, Disadvantaged Communities, available at [www.cpuc.ca.gov/industries-and-topics/electrical-energy/infrastructure/disadvantaged-communities](http://www.cpuc.ca.gov/industries-and-topics/electrical-energy/infrastructure/disadvantaged-communities).

<sup>40</sup> Cal. Dept. of Comm. Servs. & Dev., California Arrearage Payment Program, available at [www.csd.ca.gov/Pages/CAPP.aspx](http://www.csd.ca.gov/Pages/CAPP.aspx).

<sup>41</sup> See CA PUC Docket No. 18-07-005;

[https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5\\_PROCEEDING\\_SELECT:R1807005](https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R1807005)

<sup>42</sup> Ver. Dept. for Children and Families, Energy Assistance, available at [www.dcf.vermont.gov/benefits/eap](http://www.dcf.vermont.gov/benefits/eap).

<sup>43</sup> Green Mountain Power, What is the Energy Assistance Program (EAP), available at [www.greenmountainpower.com/help/what-is-the-energy-assistance-program-eap/](http://www.greenmountainpower.com/help/what-is-the-energy-assistance-program-eap/).

Washington<sup>44</sup> and Arizona<sup>45</sup> utility companies have discretion in setting discount rates, and most companies offer discounts such as 25% off for customers over 60 or with disabilities whose income is less than 150% FPL.

Other states determine eligibility solely by participation in other financial assistance programs. Montana<sup>46</sup> provides a discount in winter months to LIHEAP recipients, and West Virginia<sup>47</sup> provides a winter discount for customers over 60 years of age who receive food stamps and all customers who receive SSI or Family Independence Program assistance. Rhode Island provides a 25% discount year-round for customers eligible for LIHEAP or receiving SSI and food stamps, or a 30% discount for customers with Medicaid, General Public Assistance, or Family Independence Program assistance.<sup>48</sup>

### **b. Dollar Discount Rates**

Five states (Oklahoma,<sup>49</sup> Texas,<sup>50</sup> Mississippi,<sup>51</sup> Georgia,<sup>52</sup> and Alabama<sup>53</sup>) provide straight dollar amount discounts in the form of charge waivers for qualifying customers. Eligibility for these dollar discounts is similar to percentage discounts. For example, utilities may give between \$4 and \$20 discounts each month for recipients of SSI and Medicaid, or for customers whose income is below 200% FPL. New York's eight public utilities additionally provide automatic straight dollar discounts to various program participants, such as LIHEAP, SNAP, and SSI.<sup>54</sup> The discounts can range from \$7 to over \$120, depending on income level and energy source.

### **c. Tiered Discount Rates**

Two states allow or require tiered-discount programs, which differentiate discount rates for customers of various income levels. States or utility companies set tiers based on income

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<sup>44</sup> For one example of such a program in Washington, see Franklin PUD, Low-Income Senior Discount, available at [www.franklinpud.com/programs-services/low-income-senior-discount/](http://www.franklinpud.com/programs-services/low-income-senior-discount/).

<sup>45</sup> For one example in Arizona, see APS, Energy Support Program, available at <https://www.aps.com/en/Residential/Account/Assistance-Programs/Energy-Support-Program>.

<sup>46</sup> MT Code § 69-8-402 (2020) (establishing the funding for low-income energy assistance); for an example of a utility company's discount program, see Fergus Electric Cooperative, Energy Assistance, available at [www.ferguselectric.coop/energy-assistance](http://www.ferguselectric.coop/energy-assistance).

<sup>47</sup> W. Va. Code § 24-2A-1.

<sup>48</sup> Rhode Island Energy, Service Rates, available at [www.rienergy.com/RI-Home/Rates/Service-Rates](http://www.rienergy.com/RI-Home/Rates/Service-Rates).

<sup>49</sup> Oklahoma Gas & Energy, Low-Income Assistance Program, available at [www.oge.com/wps/portal/ord/stewardship/community-stewardship/customer-assistance](http://www.oge.com/wps/portal/ord/stewardship/community-stewardship/customer-assistance).

<sup>50</sup> City of Austin Utilities, Customer Assistance Program Overview, available at [www.coautilities.com/wps/wcm/connect/occ/coa/util/support/customer-assistance/cap-overview](http://www.coautilities.com/wps/wcm/connect/occ/coa/util/support/customer-assistance/cap-overview).

<sup>51</sup> Mississippi Power, Charge Waiver Rider, available at <https://www.mississippipower.com/content/dam/mississippi-power/pdfs/residential/pricing-and-rates/rate-riders/2022/SSI-6.pdf>.

<sup>52</sup> Georgia Power, Income-Qualified Senior Discount, [www.georgiapower.com/residential/billing-and-rate-plans/billing-options/payment-assistance/senior-citizen-discount.html](http://www.georgiapower.com/residential/billing-and-rate-plans/billing-options/payment-assistance/senior-citizen-discount.html).

<sup>53</sup> Alabama Gas Corp., Need Assistance? We Can Help, available at [www.alagasco.com](http://www.alagasco.com).

<sup>54</sup> N.Y. Pub. Util. Comm'n, Energy Affordability & Electric and Gas Bill Relief Program, [www3.dps.ny.gov/W/AskPSC.nsf/All/E70DFECA512D19DD852588630060A17A?OpenDocument](http://www3.dps.ny.gov/W/AskPSC.nsf/All/E70DFECA512D19DD852588630060A17A?OpenDocument).

levels, with households in the lower income tiers receiving greater discounts. Tiered discounts are now under consideration in a number of states, including North Carolina, Arizona, and Connecticut. Tiered discounts, which incorporate a consideration of energy burden in the establishment of the discount levels mirror the best aspects of PIPP programs by specifically targeting affordability based on income, usage and past bills. When adjusted regularly to account for energy supply and distribution charges changes, a tiered discount program is preferred over other forms.

New Hampshire provides the only state-wide tiered-discount program.<sup>55</sup> Its Electric Assistance Program has 5 tiers of discounts: 76%, 52%, 36%, 22%, and 8% off monthly bills. Eligibility for each tier is based on income and the number of people in each household. To receive the smallest discount, a four-person household's income must be less than \$74,941. To receive the greatest discount, the same household would have to make less than \$20,813. Each tier is designed to provide 4% to 6% of the consumer's income in energy bill relief.<sup>56</sup> New Hampshire also offers a straight percentage discount of 45% on gas during winter months for households receiving LIHEAP or participating in the Electric Assistance Program and other means-tested programs.<sup>57</sup>

Gas utilities in Indiana each have tiered discount programs for customers, with every company setting their own eligibility requirements and discount amounts. The utilities have the ability to offer discounts through the state's Alternative Utility Regulation Act, which allows the state utility commission to "establish rates and charges that are in the public interest."<sup>58</sup> NIPSCO provides 3 tiers of 11%, 20%, and 26% discounts,<sup>59</sup> and Centerpoint Energy provides discounts between 15% and 36%.<sup>60</sup>

In sum, a discount rate structure that takes into account the energy burden experienced by those with the least income and establishes a tiered discount, based on income, is a preferred way of helping to address energy unaffordability and reducing energy burdens. Tiered discount programs, if well designed, bring much of the targeting and bill reduction benefits of a PIPP, but at a lower administrative cost. To achieve those targeting benefits, there needs to be several tiers with "income bands."

In addition, in order to hold participants harmless from future rate increases, the discount rate associated with each tier must be adjusted each time energy supply and distribution charges change. This can be accomplished by basing the discount rate associated with each tier on a "target burden" level that is held constant over time (e.g., 3% electric only burden, or 6% total

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<sup>55</sup> N.H. Pub. Utils. Comm'n, Order 23,980.

<sup>56</sup> N.H. Dept. of Energy, Electric Assistance Program, available at [www.energy.nh.gov/consumers/help-energy-and-utility-bills/electric-assistance-program](http://www.energy.nh.gov/consumers/help-energy-and-utility-bills/electric-assistance-program).

<sup>57</sup> Liberty Utilities, Residential Low Income Assistance Program, available at [www.new-hampshire.libertyutilities.com/allenstown/residential/my-account/my-bill/programs/natural-gas/discount-rate.html](http://www.new-hampshire.libertyutilities.com/allenstown/residential/my-account/my-bill/programs/natural-gas/discount-rate.html).

<sup>58</sup> Ind. Code § 8-1-2.5-6(a)(1).

<sup>59</sup> See NIPSCO - Universal Service Program Factor ;  
NIPSCO - Universal Service Program Rider

<sup>60</sup> See CenterPoint South (Vectren) page 53 - SIGECO Gas Tariff (PDF);  
CenterPoint North (Vectren) page 59 - Indiana Gas Tariff (PDF)

home energy burden. By adjusting the discounts as bills increase, these programs can mirror the best aspect of PIPPs – ensuring that bills reflect a designated, affordable level of energy burden based on a customer’s income.

#### **4. Appropriate recovery mechanisms for discount rates**

In order to minimize the impact of socializing the cost of discount rates, it is critical to ensure that the cost is spread across *all* rate classes, including commercial and industrial classes. Beyond the minimization of increased rates for non-participating residential customers, requiring all customer classes to contribute to the goal of universal utility service is appropriate for several reasons.

First, society as a whole benefits when persons retain uninterrupted access to essential utility service. There are public health benefits of maximizing access to uninterrupted utility service (minimizing disconnections), such as reducing asthma attacks and other illnesses brought on by deprivation of essential heat and cooling. In addition, there are other tangible cost savings, including reduced fire protection costs, reduced utility credit and collections costs, reduced need for funding for LIHEAP and PIPP, and other quantifiable and non-quantifiable benefits that inure to all utility customers, not just residential customers.

Indeed, ComEd has testified that ensuring access to essential utility service has, at least in part, quantifiable value to the utility company, in addition to all of many categories of quantifiable and non-quantifiable benefits accruing to the customer. In the ComEd PBR docket, ComEd witnesses testified that the COFI/ComEd-proposed Affordability metric will, at a minimum, provide net benefits of \$475,878 annually, not including non-quantifiable benefits, to customers who are able to retain essential utility service as a result of the Company’s actions to achieve the reduced disconnections, and are likely to bring benefits to customers as a whole through reduced credit and collections costs.<sup>61</sup>

#### **5. Appropriate verification mechanisms for discount rates**

As noted above, COFI leaders report that one reason LIHEAP and PIPP enrollment figures do not approach the state’s eligible population number is the cumbersome eligibility verification process. CEDA, the country’s largest community action agency, lists the following documents as needed for a household to establish eligibility at intake:

- Proof of current 30-day gross income from all household members (over the age of 18).
- Copy of most recent heat and electric bills if you pay for your home energy directly. (Must provide entire bill)
- Proof of Social Security Numbers of all household members (Hard-copy of Social Security cards, print-out from the Social Security Administration or any other form of government-issued identification that shows both name and Social Security number.)

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<sup>61</sup> See ICC Docket No. 22-0067, ComEd Ex. 25.0 (Zarumba and Shields) at 6-7:126-127.

(Note that non-citizens need not show social security cards per Illinois' Energy Assistance Act.)

- If a member of a household receives Temporary Assistance for Needy Families ("TANF"), applicants must bring their Medical Eligibility Card
- Applicants that have their utilities included in the rent must bring proof of rental agreement stating monthly rental amount, that utilities are included, and landlord contact information. (Rent costs must be greater than 30% of current household 30-day gross income).

Statewide changes are needed in the eligibility verification process, in COFI's view, to enable easier enrollment in the LIHEAP/PIPP programs. That mantra should apply in any design of a discount rate program. Self-certification, as is used in California for the CARE and FERA discount rates, should be adopted. In California, enrollment in the CARE discount rate program is estimated at more than 90%. One reason is likely that customers self-certify through an online self-certification process. (Pdf applications are also available.)<sup>62</sup>

At a minimum, use of proxy program verification should be maximized. If a customer has proof of enrollment in another assistance program, such as SSI or SNAP, for two examples, further income verification should not be required. (On the other hand, if a tiered discount rate is used, some additional verification of income *may be* required to ensure a customer is placed in the correct tiered discount and self-certification is not adopted.)

In addition, recertification requirements should be less frequent. In California, eligibility for CARE discounts is renewed every two years, and every four years if on a fixed income.<sup>63</sup> NCLC made the following recommendations, along with others, to the U.S. Department of Health and Human Services during the COVID crisis, to help streamline LIHEAP application processes that have relevance to the issue of how a utility discount rate enrollment process could work in Illinois:

- Categorical eligibility if the household is eligible for other means-tested benefits (e.g., TANF, SSI, SNAP, and means tested Veterans' programs)
- Waiver of Social Security Number requirements (immigration status should be irrelevant)
- Allowing self-certification of income and program eligibility requirements to the extent possible
- Waiver of asset tests
- Increasing access to on-line applications
- Encouraging applicants to submit documents by email or text
- Completing recertifications with telephone verification that household information remains substantially the same, rather than a paper or on-line application form

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<sup>62</sup> See, e.g., CARE/FERA's submeter application: [https://www.pge.com/pge\\_global/common/pdfs/save-energy-money/help-paying-your-bill/care-fera-application-sub-meter-en.pdf](https://www.pge.com/pge_global/common/pdfs/save-energy-money/help-paying-your-bill/care-fera-application-sub-meter-en.pdf)

<sup>63</sup> See

[https://www.pge.com/en\\_US/residential/save-energy-money/help-paying-your-bill/longer-term-assistance/care/program-guidelines.page?cid=ps\\_CARE\\_EN\\_20220117\\_ApplyNow\\_Google\\_All\\_na&gclid=CjwKCAjw6fyXBhBgEiwAhhiZskAc2OV2LOENEGaU3ESzNVy2YvPiG0ZpXcKcBNwijeGOWMWcAuJiDRoCr7QQAyD\\_BwE](https://www.pge.com/en_US/residential/save-energy-money/help-paying-your-bill/longer-term-assistance/care/program-guidelines.page?cid=ps_CARE_EN_20220117_ApplyNow_Google_All_na&gclid=CjwKCAjw6fyXBhBgEiwAhhiZskAc2OV2LOENEGaU3ESzNVy2YvPiG0ZpXcKcBNwijeGOWMWcAuJiDRoCr7QQAyD_BwE)

- Waiver of signature requirements, as noted in the Initial COVID-19 Program Guidance
- Waiver of requirements for disconnection notices where such requirements exist, and using a single tier of benefits rather than enhanced “emergency” benefits
- Adding additional language capability where needed, such as multilingual staff and Language Line telephone services
- Additional funding allocations to significantly increase outreach to prior applicants and prospective applicants

As the Commission considers this issue, COFI submits two testimonials from COFI parents: one a resident of Englewood in Chicago, who emphasizes the difficulties customers experience when enrollment exist, and another from the Northwest side of Chicago, who emphasizes the need for additional energy assistance and streamlined enrollment processes:

*Nellie Cox, Englewood, Chicago:*

*My name is Nellie Cox.<sup>64</sup> I am 84 years old and I am a mother, grandmother and great-grandmother living in the Englewood community in Chicago. I live on a fixed income and have been receiving LIHEAP for years, and have to go in person to recertify every single year, which is difficult for me at my age. This year I applied in January and my application was denied because they said I wasn't eligible - but I knew that I was! I didn't hear any response back from my challenge to that for three months. I was waiting and waiting until my daughter reached out directly to the head of CEDA to get a response, and I finally received my LIHEAP payment in July - 6 months after I had first applied! These kinds of delays really cause people to get further and further behind on their bills.*

*Susana Salgado, Northwest side, Chicago:*

*My name is Susana Salgado<sup>65</sup> and I am a mother of three and live on the Northwest side of Chicago. In February 2021, I was \$1000 behind on my People's Gas bill and I received a shutoff notice from them. When I called the company for assistance, they said that there was no assistance available, they could only offer me a payment plan. But a payment plan really isn't a help because I still have to pay my regular bill that I couldn't afford, and then more money on top of that!*

*I applied for LIHEAP and sent in my paperwork by fax, but I was denied because they said they hadn't gotten my paperwork. I sent my information again, and then I got another letter in the mail asking me to send the documents again. I spent two hours waiting on the phone to talk with someone and then was told that if I tried to send documents by fax, I would have to wait two weeks to a month to get a*

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<sup>64</sup> Ms. Cox is the mother of Rosazlia Grillier, Illinois Co-President Emeritus, COFI POWER-PAC Illinois and Governing Council Leader, United Parent Leaders Action Network.

<sup>65</sup> Ms. Salgado is a COFI parent leader with POWER-PAC and is the Co-Chair of the Early Learning Campaign.

*response. We also tried to apply online three times and it never went through. I was so frustrated and stressed because this whole time we were getting further and further behind on our bill. We had to take out a loan because we were so worried about being disconnected while we waited for the LIHEAP paperwork to process. We finally received it, but it was so much time and stress it honestly was not the help that I was hoping for.*

COFI urges the Commission, as it studies the potential of discount rates and appropriate eligibility verification processes, to talk to community members from throughout the state, community action agency leaders and DCEO representatives, all of whom, like Ms. Cox and Ms. Salgado, can provide important insight into the need for discount rates, improved eligibility verification processes, and improved affordability of utility service.

## **6. Measures to ensure customer confidentiality and data safeguards**

If community action agencies that currently enroll customers in LIHEAP and PIPP are engaged to enroll customers in discount rates programs, then customer confidentiality measures are already in place through the existing STARS.illinois.gov (PIPP) and LIHEAP.net systems. If a self-certification process through an online utility portal is adopted, similar to California's CARE/FERA application process, then robust customer information protocols must be ensured by the Commission to minimize the number of "eyes" on the confidential customer financial information and to ensure cyber security protocols for safe storage of the information are followed.

## **7. Outreach and consumer education procedures**

Outreach and customer education about the availability of both energy assistance and new discount rates should necessarily include the assistance of trusted community based organizations ("CBOs") and other partners, including houses of worship, DCEO and community action agencies. The ICC itself could revise its website, too, to prominently display information about available discount rates along with other energy assistance programs.

Any discount rate programs initiated should be actively marketed by the utilities, DCEO, community action agencies, IACAA and stakeholders. If and when utilities rely on CBOs to promote a program, these CBOs should be paid for their time, with those expenses recovered in rates as operational expenses. Of course, the IOUs, too, could contribute shareholder dollars to the effort and the discount rate subsidy itself.

## **8. Impact that a low-income discount rate would have on the affordability of delivery service to low-income customers and customers overall.**

Measuring the financial impact a low-income discount rate would have on the affordability of delivery service to low-income customers and customers overall depends on several factors: the size of the discount (tiered or straight percentage) and the number of forecasted participants for the discount rate. These dollar figures are easily computed through an

Excel spreadsheet that incorporates the needed data, including average customer usage, discount levels, energy burden goals and participant numbers.<sup>66</sup>

One additional observation should be made: as noted in part 1 above, the cost of all of the aforementioned clean energy and energy usage reduction programs are currently socialized in rates – including subsidies for the parent company of ComEd for nuclear power plants that may or may not actually be providing energy to ComEd customers given the unbundling of delivery and supply service. COFI encourages the Commission to place affordability, at a minimum, on the same level of importance as these other policy goals. The comment of any utility that asserts that the cost of discount rates would be “too expensive” for their customers, but regularly disconnects customers who are financially struggling and makes regular rate increase filings to support ever-increasing infrastructure investments that translate into increased profits for the utility, should be given little weight.

## **Conclusion**

As noted above, hundreds of thousands of Illinois utility customers throughout the state are experiencing energy insecurity as prices for both utility delivery and supply services continue to increase. In the last year, drastic increases to what had been relatively low energy supply prices no longer mask the significant increases in delivery service rates that have occurred over the last decade. While Illinois’ PIPP is considered a template for ensuring low energy burdens for financially struggling customers, funding is limited and may not be enough in the years ahead even with the recent changes to the Energy Assistance Act, which permit a doubling of the SLIHEAP funding, and needed additional funds for the state’s LIHEAP, PIPP and weatherization programs. More can and should be done to help ensure uninterrupted access to essential electric and gas utility services.

The Commission has the tools through the redesign of delivery rates and approval of tiered discount rates for Illinois’ electric and gas IOUs to lessen the burden on under-funded existing energy assistance program funding and help ensure that more customers remain connected to the utility network. First, given the clear CEJA directives designed to reduce peak load and reduce energy usage, the Commission should take action to reduce all electric and gas fixed customer charges, and establish inclining block rates as the first necessary step in establishing discount rates for customers.

Second, it should order each of the IOUs to file tiered discount rate proposals that provide the highest discounts for the lowest income customers, and lesser discounts for customers with higher incomes (up to 300% FPL) for those who are ineligible for existing LIHEAP and PIPP programs but still struggle to afford the ever-increasing monthly utility bills. Certification of income eligibility should be streamlined through the use of proxy program enrollment

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<sup>66</sup> NCLC’s senior energy analyst, John Howat, has computed these figures and designed discount rate proposals in a number of states. *See, e.g., Arizona Public Utilities Commission Docket No. E-01345A-19-0236*, Direct Testimony on behalf of Arizona Wildfire - AZ Community Action Association - Establishment of a tiered discount and arrearage management program, October, 2020.

procedures or self-certification with regular auditing of a small but meaningful sample size of discount rate participants in order to keep administrative costs low. When combined with an arrearage reduction component, that rewards customers with 1/12<sup>th</sup> debt forgiveness for every on-time monthly payment made, approval of discount rates will go a long way to increasing energy affordability and equity in the state.

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Respectfully submitted,

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